

423 The large holdings are owned by the Agha of Koshar around
471 Deirik, the Sheiks of Shammar from Tal Koshak to Kubur el Bid and south to the Rad, the Sheik of Tay and several of Tay subdivision chiefs, Asfar-Najjar family of Qamishli, the Aghas of the Kurdish tribes (three in number), and two Sheiks of the Jubur. This list is not exhaustive but it is true that not more than fifty individuals in Jazirah have holdings of more than 5,000 hectares each. And since the great majority of them are tribal chiefs, the logical solution is to ask them to distribute these lands according to the laws in force since the Ottoman rule. No new legislation is necessary to fulfill the two aims of distribution of the public domain to needy peasants and the division of the big estates.

Such a solution will not mean that every estate will be only 1500 dunums but it will mean that perhaps 80% of Jazirah will be in holdings approximating 1500 dunums and some 20% in holdings of 10,000-15,000 dunums for tractor cultivation.

C. Shortcomings of the Decree

423 The basic defect of decree 96 is that it erred in diagnosing
656 the real problem of land ownership in Syria. As the United Nations
433 Economic Survey Mission for the Middle East aptly described the situation (part I page 34), "In the Middle East, most of the population--perhaps as much as 90%--lives virtually on the margin of subsistence. But while maldistribution of income obstructs economic progress in a variety of ways, it is secondary to the basic problem in each country of grossly inadequate output in relation to the total population. This is the central fact of economic life in the Middle East." Thus the real problem facing the Government in Jazirah is not that a few people own large tracts of land (though some of them do and should be controlled), but whether the present type of cultivation is not working better national economy than small holdings will be able to do. This criticism of decree 96 does not mean that land abuses do not exist in Jazirah. Undoubtedly they do. But it is a long way between admitting this and trying to correct it by dividing the land indiscriminately into 1500 dunum lots.

The shortcomings of decree law 96 are numerous and without discussing them in detail since the law is being amended, it is necessary to recognize some of them.

423 In the first place, the law amounts in fact to confiscation of
656 property because it arbitrarily abolishes rights of individuals gained
433 over the land through the normal processes of established law.

Secondly, it allows a uniform area for every farmer whether he uses tractor or mule, and whether he allows dry cultivation in Jazirah or irrigated farming in the Euphrates or the Khabur. It is evident that an irrigated area of 1500 dunums is more than adequate even for a large farmer while the same area is too small for tractor dry farming.

Thirdly, the confiscatory provisions of the law are not limited to lands recently acquired from the public domain, but cover lands for which deeds have been in the hands of the owners for decades. Decree 96 achieves this by reversing the stipulations of the preceding laws and by stating that in unsurveyed lands every title should be limited by the area mentioned in it and not by the boundaries.

Fourthly, if social justice is the aim, why should the law be limited to control of the ownership of land and not extended to control commercial and industrial property as well as real estate in cities and cash money? Further, how can the law treat on the same basis five hundred dunums planted to orchards or olive trees and a neighboring area of the same dimensions planted to wheat?

V. Land Ownership Along the Khabur

471 There is more concentration of land ownership along the Khabur that in the other parts of Jazirah, though the concentration is less apparent because the cultivable lands are smaller.

In the north, around Ras el Ain, the Shashan tribe dominated the country. South of them are the Assyrian holdings. Around Hassakeh, some Christians have bought lands from the Juburs, but south of the town and down to Shaddadah, the Jubur Chiefs of the Milhem family own or control both banks of the river. They own all the naqourahs and work their lands by renting it to the members of their tribe on conditions described in the next chapter. One hardly finds a Jubur who is not of the Milhem, or a stranger from inside Syria, who owns property in the Jubur region of the Khabur.

Lately, the Milhem have begun renting land to irrigation projects by pumps. But unlike the Kurds and Tay people of upper Jazirah, the Milhem have never agreed to enter into partnership for the ownership of land.

471 The land problem along the Khabur is not to distribute land to the Jubur Bedouin who cannot use it because he cannot irrigate it, but to remove the hold of the Milhem family and to facilitate ownership by the entrepreneur who invests money in the land, installs pumps, and irrigates areas formerly arid. Unfortunately, the old laws and decree 96 work for the benefit of the river bank owner who, at the end of the lease, takes possession not only of his original strip of land which he leased, but also of all the new land brought under cultivation and irrigation by the lessee at his own expense.

VI. Recapitulation

185 To recapitulation, the problem of land ownership in Jazirah is one of stabilizing the existing property rights for 57% of the area of the region, of distributing about 25% by the simple expedient of having the Sheik or Agha share his land with the members of his tribe in whose name he holds it, or passing legislation to enable the investor along the Khabur to gain ownership of the land he irrigates and reclaims, and of simplifying the processes of law so that all these functions can be performed and disputes between property owners settled and deeds granted within a short period. It becomes apparent that the success of such a policy is subject to a prior survey of the region. But this need not necessarily mean long delays because aerial survey at present is a quick operation.

The importance of the stabilization on the regularization of the land problem in Jazirah cannot be overemphasized. Besides all the advantages mentioned on page 27, land will come to have real value on the market and the wealth of the entire Jazirah will be increased tenfold. The farmer will be able to diversify his culture and escape the dangers of monoculture. After surveying the division of land, the farmer, working on his own lot in which he has no partners, will be induced to improve it with buildings, irrigation wells, fertilizers, and tree and vegetable gardens. There is no reason why the plains of Jazirah, wherever water is available, cannot be made to resemble the gardens of Damascus with time and an increase in agricultural knowledge among the population.

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offices in the administration. The organization and procedure of the law-courts was based upon French models, and the system of laws which they dispensed, although basically Islamic, was deeply influenced by the French codes. French was the main foreign language taught in official schools, and the official system of examinations was adapted from that of France. (This was one of the considerations which led certain sections of French opinion to oppose the Franco-Syrian Treaty of 1936. Although the exchange of letters attached to the Treaty contained guarantees for the preservation of French cultural influences and provided for the recruitment of foreign officials and advisers from France in preference to any other country, the critics regarded the termination of the Mandate as likely to bring to an end the supremacy of French culture in Syria and Lebanon.)

In spite of the efforts of the French Government, however, it is probable that twenty years of French rule harmed rather than helped the position of French culture. The political grievances and discontents of those years, and the almost continuous opposition of the greater part of the Syrian and Lebanese people to their French masters, shook the ascendancy of France over men's spirits. In 1939 there were more who spoke French than there had been in 1918, but perhaps fewer who loved and believed in France.

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France's economic interests in her Mandated Territories, although not of first-rate importance, nevertheless were not negligible. There were only a few thousand private French citizens resident in the country, and comparatively little landed property was in French hands; Syria and Lebanon had never been looked upon as regions for settlement. The total value of French investments was of the order of magnitude of one milliard francs; it had not increased to any great extent since before the War of 1914-1918. Most of it was invested in public utilities: the railways, the port of Beirut, electric power, waterworks and so on. A French company also held the monopoly for the production of tobacco. In fact, almost all public concessions of importance had been given to companies wholly or mainly French in ownership. About one-tenth of the total investment was sunk in the railways, almost all of which were controlled by the 'Damas-

648 Hama et Prolongement' (D.H.P.) company. Since 1925 this
 471 company had had an agreement with the local Governments
 by which the latter made good any losses incurred by the
 company in the working of the railways, and received a
 progressive share of any profits which were made.

432 There were a number of French financial institutions with
 interests in the Mandated Territories. The bank of issue,
 the Banque de Syrie et du Grand Liban, had its headquarters
 in Paris, and of its 25½ million francs of share-capital over
 20 millions were in French hands, while twelve out of its
 sixteen directors were French, the remainder being Syrians
 [436] and Lebanese. By an agreement made in 1924 and sub-
 sequently renewed, the Banque was given the exclusive right
 of issuing Syro-Lebanese currency. It also performed the
 functions of an ordinary commercial bank. In addition, a
 great deal of commercial banking, mortgage and land-
 credit business was transacted by the Banque Française de
 Syrie, the Crédit Français d'Algérie et de Tunisie and the
 Compagnie Algérienne.

439 In 1938 France imported goods of greater value from Syria
 and Lebanon than did any other country except Palestine ;
 and she exported to them goods of greater value than did
 any other country except Great Britain. The total value
 of her imports from them was 105,894,000 francs. The main
 articles which she imported were vegetables and fruits ; she
 did not obtain from the Levant States any important raw
 materials for her industries. She exported to them 197,818,000
 francs worth of goods, including large quantities of iron and
 iron goods, machinery, chemical products, precious metals
 and silk goods.¹

471 The Mandated Territories were also important for French
 649 commerce as providing a link in France's communications
 with her Far Eastern possessions : the civil air-ports were
 used as stopping places on the route from France to Indo-
 China. Moreover, one of the two pipe-lines through which
 the oil of Iraq is conveyed to the Mediterranean passes through
 Syria and Lebanon to reach the sea at Tripoli. This was
 of dual importance to France : first because French interests
 owned 23½ per cent of the share-capital of the Iraq Petroleum
 Company, and secondly because France obtained between
 one-third and one-half of her total oil-supply from Iraq, by

¹ For detailed figures, see Ministère des Affaires Etrangères, *Rapport*, 1938, p. 203.

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way of Tripoli and Haifa. There was a possibility that Syria might in the future come to be more important still to France; oil-prospecting had been going on in the Jazirah for some years, and in 1940 an agreement was concluded for the exploitation of oil discovered there between the Syrian Government and Petroleum Concessions (Syria and Lebanon) Ltd., a subsidiary of the Iraq Petroleum Company. 471
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[315]

One more economic factor which could not be left out of account was the immense cost to France of her occupation of Syria and Lebanon. There was first the expense involved in installing herself in Syria and Lebanon: her participation in the Eastern Campaign during the last war and her conflict with Faisal after it. Even more important than these were the expenses of the civil and military administration of the Mandate. According to an official estimate, by 1936 the Mandate had cost France 4,843 million francs, of which the military expenditure accounted for 4,300 millions and the civil for 543.¹ By Article 15 of the Mandate France was entitled, once an organic law had been framed, to ask the national Government to whom she was handing over responsibility for repayment of the expenses she had incurred in performing her duties as Mandatory Power. 648

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The primary strategic purposes which France hoped to fulfil by her presence in Syria and Lebanon were the maintenance of her position as a Mediterranean Power, on a level with Great Britain and Italy; the protection of her maritime and air routes to the Far East; and the defence of the oil pipe-line from Kirkuk to Tripoli, through which she derived a large proportion of the oil needed by her armed forces. None of these objects was capable of achievement by France alone, but only by France in conjunction with Great Britain, the dominant foreign Power in Egypt, Palestine and Iraq; the Levant States were only of first-class strategic value to France in so far as the possibility existed of a co-ordinated Franco-British strategy in the Eastern Mediterranean. Thus it was an essential French interest to pursue in the Levant a policy similar in the most important respects to that pursued by Great Britain; this was normally recognized by French

¹ G. Henry-Haye and Pierre Viénot, *Les Relations de la France et de la Syrie* (Centre D'Etudes de Politique Etrangère, Paris, 1939), p. 22.

community has been "investment conscious" and has engaged in little ⁴⁵⁴ conspicuous spending except perhaps for housing.

Predominance of Private Enterprise

A characteristic feature of Syria's rapid economic development is that ⁴⁷¹ it has been almost wholly due to private enterprise. In spite of frequent ⁶⁵⁴ changes in government, private enterprise has retained a buoyant outlook and continued to expand. Manufacturing industry developed with little or no government support, except that in recent years the government has provided some financial assistance and considerable protection against foreign competition. Although the government has slowly increased its services to agriculture and may be said to have contributed to its expansion by interposing no bars to the occupation and cultivation of new land, it did not play a significant role in the great increase in output. Even the development of irrigation has been left primarily to private enterprise, which has extended the irrigated area by sinking wells and, above all, by installing pumps on river banks. Thus only 48,000 hectares are irrigated by government schemes, whereas 250,000 hectares are irrigated by privately installed pumps. In the field of transport, as already indicated, private motor carriers have assumed the burden of increased traffic despite poor public roads.

The most significant, though indirect, contribution made by the government to development has been in the field of education. ⁶⁵⁵ Increased outlays on education account for almost half of the total postwar expansion in non-defense ordinary budget expenditures, which rose from an actual total of £S 70.9 million in 1945 to an estimated figure of £S 125 million in 1954. During this period the number of schools and pupils more than doubled. The literacy rate has probably been lifted to around 40%, which ^[112] compares favorably with most Arab countries. In the field of communications the government has been active, notably in the development of the port of Latakia and in the expansion and improvement of the telephone network.

The Syrian economy has now probably reached a stage in its develop- ⁶⁵⁴ ment at which the government must undertake a more important pro- ⁴³³ motional role. It is unlikely that in the future private enterprise will be ³¹¹ able to maintain, unaided, the past rate of expansion. The amount of idle land that can be put to the plow without significant investment has

time to time, however, spot analysis will also be required to carry out special programs to improve soil fertility.

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Cadastral Survey

Aerial photography should assist considerably in accelerating the cadastral survey work which was first initiated in 1923 but was still only 45% completed by the beginning of 1953. It is clearly in Syria's interest to finish the cadaster as soon as possible so that the uncertainty surrounding private property rights may be ended at long last and the extent of state domain may be clearly determined. Similarly, it is necessary to expedite the lagging program for converting *mucha'a* or village common land to individual peasant ownership. Experience with the accelerated survey for the Jezireh indicates the need for additional measures to speed up the work. This survey, originally scheduled for completion in the spring of 1955, is now unlikely to be finished before the end of 1956. Insufficient funds, shortages of trained personnel and cumbersome procedures have all contributed to delay this vital survey work. The mission urges that all possible measures to expedite the program be taken. Among the measures that might be considered are the contracting of necessary ground surveys to qualified private firms; the delimitation of properties in certain areas solely by means of aerial photographs rather than by ground surveys; and the possibility of shortcuts in the protracted legal procedures involved in the determination of titles.

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State Domain

The aerial, cadastral and soil surveys outlined above will for the first time provide the government with approximately accurate information on the area and quality of state domain. At present the government claims ownership of 1,417,571 hectares of allegedly cultivable land of which 551,473 are leased for cultivation. This total, however, excludes the unoccupied or "dead" land (*mawat*) which was assimilated to state domain by Legislative Decree No. 135 of October 29, 1952. Nor does it include the land which may be "recaptured" by the state under other provisions of the same decree. For instance, this decree specified that prior occupation of land which had not yet been sanctioned by the acquisition of title would be recognized only up to 200 hectares per member of the occupier's

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471 immediate family. It also provided that in adjudicating title deeds in
 423 which the area derived from the indicated boundaries of the property was
 greater than the area mentioned in the deed, the boundaries would govern
 at least to the extent that they gave each member of the titleholder's
 family a minimum of 200 hectares. The mission urges that these provi-
 sions, which have apparently not yet been applied, be enforced as rapidly
 as possible. Their application would inflict no undue hardship, and would
 increase significantly the amount of revenue-earning state domain. Above
 all, it would put at the government's disposal more good land to be
 retained as a reserve for the ultimate settlement of landless or virtually
 landless peasants. Much of the land now left to the state is too marginal
 for successful settlement.

471 Careful management of state domain is necessary to ensure that the
 423 state derives from it the maximum revenue and that land not really
 427 suitable for cultivation is reserved for pasture or forest. The government
 is not equipped at present to exercise adequate supervision. Land is often
 tilled without authorization, thus depriving the government of revenue
 and often encouraging the cultivation of land which can be expected to
 produce a satisfactory harvest only in years of exceptionally high rainfall.
 Until cultivable land is required for settlement, it should be leased, as at
 present, to private operators who have the necessary machinery to till it.
 Thus land in the Jezireh which is recaptured under the provisions of
 Legislative Decree No. 135 might well be leased to those who now culti-
 vate it, so that existing units of exploitation are not disturbed until the
 land is needed for distribution. However, current rentals for state land,
 even though they have been rising in recent years, still seem unduly low.
 Judging from private rental arrangements prevailing in the Jezireh, for
 example, the state should be able to charge an average rental of at least
 £S 5-6 per hectare instead of only a little over £S 3 as at present. In this
 way the government can add to the funds available for financing develop-
 ment.

Forestry and State Domain

137 The management of state domain should look also to the preservation
 659 and improvement of forest areas on government land. Syria has unfor-
 tunately been almost entirely denuded of forests. Although some 448,000
 hectares are listed officially as "forest", 348,000 hectares consist either of

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454 corporation on a basis similar to the one we recommend, and Pakistan is contemplating the establishment of such an institution.

We have little doubt that the suggested bank would find ample opportunities for investment. While there is no absolute assurance that private capital can be found for the bank, our preliminary exploration in Syria warrants some optimism on this score. Commercial banks might well subscribe a substantial part of this capital, and the balance could probably be obtained from private individuals and business concerns.

While the bank would not make loans for working capital, it might indirectly make it easier for companies to obtain working capital from the regular commercial banks. The mission found that a number of industrial enterprises do have difficulty in obtaining sufficient working capital, particularly to finance heavy seasonal purchases of such agricultural raw materials as cotton, oilseeds, and fruits and vegetables for canning. The proposed bank might explore the possibility of financing the construction of bonded warehouses in Damascus and Aleppo where industrial enterprises could store raw materials and even finished goods in such a way as to furnish ample security for additional commercial bank credit.

Vocational Education

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464 While appropriate technical and financial assistance can do much to raise industrial efficiency, the better training of labor is also important. At present vocational education is seriously inadequate. There is an urgent need to expand and improve vocational schooling so that it will effectively serve the requirements of industry and business and will be properly related to in-plant training. Specific recommendations on this subject are made in a subsequent chapter on education.

Projected Oil Refinery

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362 With the exception of one ill-starred venture in which it went into partnership with private capital, the government has wisely left the ownership and management of manufacturing enterprises to private initiative. We are strongly convinced that this policy should continue to be followed. During the last few years it has been proposed from time to time that the government depart from this rule by establishing and operating a petro-

leum refinery. Syria now obtains its petroleum products, of which total consumption in 1953 amounted to around 450,000 metric tons, partly from the Tripoli refinery in Lebanon and partly from more distant sources of supply. By arrangements between the government and the distributing companies, prices in Syria are explicitly or implicitly based on ex-Tripoli prices plus transport costs. It is perhaps natural that Syria should want its own refinery, not only because a large volume of crude oil flows across its territory through the Trans-Arabian pipeline and the Iraq Petroleum Company's pipelines, but also because transport costs substantially increase the price of petroleum products. 471 302 (450)

A case for a government refinery might be made if there were no alternatives. Private companies, however, are apparently willing to erect such a refinery. The Iraq Petroleum Company, for instance, has offered to carry out its original pledge to construct and operate a refinery serving Syrian requirements. Its offer is apparently conditioned on an agreement with the government regarding pipeline transit dues and on the understanding that the refined products would be sold at the refinery site on the basis of the prices obtaining at the Tripoli refinery. The company has offered to raise the transit dues now paid but the desultory negotiations on this subject carried on over the past years have not produced an agreement. The mission does not necessarily suggest that an agreement for the construction of a refinery be made with the Iraq Petroleum Company but simply that the government avail itself of offers by private enterprise to build a refinery. Such a refinery together with appurtenant facilities would probably cost over £S 30 million, a sum which the government can ill afford to spend at a time when it is hard pressed to find all the resources required for projects for which private capital is not available. At the same time it is evident that the construction of a refinery in Syria would be advantageous to the economy. For example, if a Syrian refinery sold its products on the basis of the price formula proposed by the Iraq Petroleum Company, the cost of transport between Tripoli and Homs, the proposed site of the new refinery, would be saved. At present, the difference between the price of gas oil and fuel oil at Tripoli and Homs, for example, is £S 6.20 and £S 9.25 per metric ton respectively, or about 7% and 15% of the prices at Homs. The construction of the refinery would undoubtedly bring about a significant reduction in the prices of refined products throughout northern Syria, which consumes the bulk of the country's total requirements.

457 no foreign exchange restrictions; private ownership and initiative predominate; the country has an influential class of businessmen and entrepreneurs which maintains satisfactory relations with foreign business circles. Yet, apart from the banking sector (and even here most, if not all, the new foreign funds seem to have become available on a short-term basis), the inflow of medium- or long-term private investment from abroad has, so far, apparently not been very large, although accurate estimates are lacking. Part of the explanation may be the lack of political stability within the area and the discouraging effects of frequent changes of political organization and leadership in Syria itself. The question arises, however, whether certain recent Syrian legislative and administrative policies may not also have contributed to discourage potential foreign investors.

Legislation

457 Complaints are sometimes heard against Decree No. 151 of March 1952,
471 relating to companies and commercial firms established outside Syria. Its principal provisions are that all kinds of companies established outside Syria may be represented in Syria only by Syrian nationals or by commercial companies established in Syria under applicable regulations. These regulations require that not less than two-thirds of the capital of such companies must be in Syrian hands and that a majority of the managers (in the case of cooperatives and partnerships) or the members of the board of directors (in the case of joint stock companies) must be Syrian. The law also imposes some fairly elaborate conditions under which branches of companies established abroad may be registered in Syria. Similar provisions apply also to Syrian agencies of companies established outside Syria.

About the same time, in April 1952, Decree No. 189 prohibited foreign ownership of agricultural land. Article 1 provides that "Non-Syrians, whether natural or legal persons, shall be prohibited from establishing, altering or transferring any right concerning real estate or concluding any agreement for rental and exploitation of agricultural land in Syria for a period in excess of three years." Exempted from these provisions are transfers of inherited rights to real estate, provided reciprocity is accorded in the country of the beneficiary, and transfers of real estate located within the limits of larger towns (provincial capitals). The law's preamble declares its purpose to be the retention of Syrian land in Syrian ownership, permitting Syrians alone to exploit it and to benefit from its resources. But

while the intention of the law is thus apparently to prevent farm land from falling into the hands of foreigners, its terms would also exclude foreign acquisition of, for example, factory sites outside the limits of major towns, and land for oil prospecting and for construction of gasoline and service stations. At the time of this writing the Syrian Council of Ministers was considering a draft bill under which non-Syrians would be permitted through ordinary decree to own property outside city limits. ⁴⁵⁷
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Government Policies

There is reason to believe that Decree No. 151 has not been inflexibly applied and that practically all requests for exemptions permitted by the law have been granted. Some harm by way of discouragement to foreign investment may have been done, nevertheless, because the harshness of the terms of the law are understandably but unfortunately better known and more widely publicized abroad than the leniency of its application in individual cases.

The nationalization of power and transport companies in January 1951 affected primarily the foreign owned companies in Aleppo and Damascus. In view of the fact that nationalization of public utilities is not limited to Syria, nationalization itself is unobjectionable. Statements issued by the Syrian Government at the time of the nationalization envisaged a just compensation. However, four years elapsed before the first agreement on compensation was reached with one of the two companies and a settlement with the other is still pending. Regardless of the causes of the delay and without in any way passing judgment as to which side may have been at fault, it should be observed that the fact of the long delay in reaching a final settlement has not passed unnoticed in financial circles outside of Syria and may well have had an adverse effect on prospects for foreign investment in the country.

Appraisal

A certain excess of zeal in trying to preclude a sharing of national resources with foreign entrepreneurs is not a unique phenomenon. It is not surprising that the postwar wave of economic nationalism did not by-pass Syria. There were, moreover, certain experiences in Syria's comparatively recent history which explain this reaction. But although the reasons for the adoption of such policies may be clear, their wisdom is open to dis-

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457 pute. Syria no longer need prove its determination to stave off unwanted
471 external interference or infiltration. But it does stand to gain by demonstrating that the resourcefulness of its business community is matched by the government's mature understanding of the country's enlightened self-interest.

It is worth emphasizing that policies which discourage foreign investment are inconsistent with Syria's own record in other fields, such as that of foreign exchange. The free transfer out of Syria of capital and profits in itself creates a basic condition for the influx of funds from abroad. That it was obviously intended to have this effect is confirmed by the legislative motivation of Exchange Control Decree No. 637 of April 21, 1952, which explains that the new regulations aim at making it possible for nonresidents to open accounts with authorized Syrian banks in both foreign and local currency, without any restrictions or conditions. They are thus designed to foster, by means of free inflow and outflow of foreign capital, both short- and long-term foreign investment in Syria.

Finally, it can be pointed out that several underdeveloped countries whose position is not basically different from Syria's have been tending to remove all obstacles in the way of the inflow of capital and outside enterprise. This is true of Pakistan, India, Turkey, and Lebanon; particular reference should be made to recent changes in Egypt's legal and administrative treatment of foreign investors.

Syria's ratification of the Inter-Arab Payments and Capital Transfers Agreement was undoubtedly motivated by a very justified desire to facilitate the movement into Syria of investment funds from some of the oil-rich neighboring countries with limited domestic investment possibilities. Yet this capital is not likely to be attracted as long as legislation or practices discriminating against foreigners in Syrian business remain in force.

v FOREIGN DEBT

457 Syria's only external debt is an interest-free loan of U. S. \$6 million
652 made by Saudi Arabia in 1950, repayable in four equal annual installments beginning in 1955. The loan agreement was combined with a commercial agreement and provides for repayment in the form of Syrian exports.

Syria's debt to Lebanon, arising from the withdrawal by Lebanon in 1948 of £S 44.6 million circulating in Lebanese territory, has been settled

423 the neighborhood of 20-30% of the crop if he furnishes only his labor, and
 427 about one-half of the crop if he provides his own working capital. The distribution of the returns on privately irrigated lands is, however, often much affected by the person who controls the pump.

Land Ownership

423 As in other countries of the Middle East considerable uncertainty attaches to ownership rights in land. By no means all of the cultivated or cultivable land is listed in the official property registers, and titles which are registered are often imprecise or conflicting in stating the boundaries or the area. The validity of many land grants made in the past is also subject to challenge.

- [471] By far the greater part of the land unquestionably belongs to the state, if only because most of the land is uncultivable and therefore unutilized and all unoccupied or "dead land" has always in theory belonged to the state. State land has in the past fallen into two categories: "state domain" proper, which is officially registered as belonging to the state, and unoccupied or "dead land" (*mawat*) to which no title exists.

Land other than state domain is held under various traditional forms of ownership including *mulk*, *waqf*, *matroukah*, *amiri* and *mucha'a*. *Mulk* is the only form of absolute ownership and covers only a small proportion of state land. *Waqf* is property held in the form of a religious trust and is not particularly significant as far as agricultural land is concerned. *Matroukah* is land dedicated to public purposes and also has no significance for agriculture. Most land is *amiri*, a type of hereditary leasehold. Ultimate ownership in theory rests with the state which can legally recover *amiri* land if it is not cultivated for five years in succession. The latter right is, however, never exercised, and *amiri* land can be said to be in virtually unqualified private ownership. *Mucha'a* is village land held in common but cultivated in individual family plots periodically reallocated among the holders. This form of tenure has predominated in certain parts of the country such as the Hauran and obviously gives little or no incentive to permanent improvement of the land.

Recognizing that clear and undisputed private landownership is a prerequisite to land improvement, the government has been seeking over many years to terminate the *mucha'a* form of tenure and end the confusion in land titles. *Mucha'a* land is being gradually distributed and converted to

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283 The manufacture of silk and artificial silk brocade, mainly as a luxury
402 export, employs only a few mechanical looms; hand looms are still in the
433 majority. The existing capacity seems to be adequate to meet the demand
which, because of the high price of the goods produced, is bound to be
fairly restricted. Trade figures, however, reveal a trend towards increasing
exports of the less expensive types of cloth made from cotton or rayon or
a combination of both materials. Recent export and import figures are
given in the Appendix.

285 For one of the factories in the new and continuously expanding rubber
402 boots and shoes industry, most of the machinery (except the cutting and
433 sewing machines) was made in small local engineering shops and assembled
at the factory by the company's own labor. It is somewhat primitive,
although the goods produced are of reasonable quality. The installation of
modern foreign machinery would considerably increase production and
reduce labor costs. This industry is protected by an embargo and has a
small export trade with surrounding countries. Shortage of capital seems
to be the main impediment to faster modernization.

Capital

472 The original capital of most of the larger Syrian industrial enterprises
404 was put up either by a single family or a small partnership and in general
the expansion reflected the amount of earnings retained in the firm. Even
in the rather exceptional case in which an enterprise was corporate in form
(*société anonyme*), it usually maintained in substance a privately owned
and privately financed character.

454 This pattern of organization and growth is equally true of the majority
471 of industrial firms created since 1945, among them the largest in Syria.
Some of these began on a large modern scale, requiring both heavy investments
and several million £S of original capital for their financing, and although
generally incorporated with a certain spreading of stock in some cases,
the company much more often was owned or largely controlled by one or
a very few persons. This situation reflects the prevailing distribution
of wealth, the reluctance to participate in business without control, the
unfamiliarity with stock, the lack of a well organized capital market,
particularly for equity investments, and last but not least the preference
for large and quick returns on savings, for which there were, at least in the

first postwar period, ample opportunities outside industry (trade, agriculture and real estate). 464

The main source of the capital which founded these new industries was commercial profits accumulated during the war by Syrians in and outside Syria; a certain amount of Lebanese capital seems to have been contributed. Many companies were able to operate with the capital originally subscribed, but in some cases the paid-up capital was mainly or entirely absorbed by land, buildings and equipment, leaving little or nothing for working capital. The mission encountered several instances in which working capital had been supplied by banks on an overdraft basis at a rate of 5% to 7%, but mostly for rather limited amounts only. In a number of cases, however, when larger amounts were required, industrial firms had recourse to a scheme of government-guaranteed industrial credits introduced in 1949. Although it was reserved for industrial corporations and thus did not cover the needs of the large majority of Syrian industrial enterprises not organized in that form, it has been very helpful to the companies which were able to benefit from it while passing through a difficult initial period of inadequate financial resources. Such credits were made available by the Banque de Syrie et du Liban for three years (now renewable for an additional five years) at the low rate of 3%. 464

Most Syrian industrialists, hard working and thrifty as they are, prefer to forego paying dividends rather than remain indebted or incur new indebtedness with banks. In most cases loans for working capital are paid off as soon as possible; new machinery is generally purchased with plowed-back earnings and often reserve funds are formed with a view to making further extension or modernization. In several instances the originally subscribed capital has been increased by issuing new stock to the old shareholders. The government-guaranteed loans, on the other hand, are so exceptionally attractive that in the difficult circumstances at the time the plan was initiated there was a great readiness to apply for them and later to have them extended. However, during the last few years the government has become more reluctant to give this scheme a wider application. The total amount which can be guaranteed is now limited to £S 15 million. At the end of 1953 loans outstanding amounted to £S 13.4 million.

On the whole, the development of Syrian industry has been on a sound basis from the financial point of view. True, one frequently finds considerable amounts of loan debts on the balance sheet of industrial corpora- 459 457

The recommendations of the mission with regard to agriculture and animal husbandry, including those concerning land tenure and irrigation, would, if accepted, open significant new perspectives to the farmer and farm laborers and tend to check the drift from rural areas. If it were possible to spend more on irrigation than has been recommended, the trend could, perhaps be reversed. It is not likely, however, that the growing labor supply can be absorbed and unemployment avoided without further industrialization. Even on the highly optimistic assumption that migration towards the towns can be halted, Syria must contend with such factors as the natural increase in the industrial labor population and the gradual shift from handicraft to mechanization with the consequent release of manpower. 464
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Although estimates in this field are particularly hazardous, the mission suggests that under the most favorable circumstances Syria will have to create at least 20,000-25,000 new industrial jobs during the next six years to keep its industrial labor market in reasonable balance. 464
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Limiting Factors

It is often contended in Syrian official and business circles that shortage of local capital rather than lack of confidence is the principal factor limiting further industrialization. Assuming that this is so, it would follow that to advance development Syria should make a strenuous effort to create attractive conditions for foreign capital as a supplementary source of industrial financing. This conclusion does not seem to be generally acknowledged. At least the nationalization of foreign-owned public utilities without settling the matter of indemnification of their proprietors, and the regulations with respect to foreign companies working in Syria, do not indicate its acceptance. 454
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There is, however, room for some doubt whether scarcity of capital should be considered as a major factor limiting development of Syrian industry. During the past eight years, investments in industry have supplied the country with an industrial capacity capable of meeting most of the need for manufactured articles, based on local primary production, which the population can afford; indeed, as already pointed out, in several branches of industry there is excess capacity. Generally speaking, Syrian industry appears to have attracted substantial amounts of capital. Even taking into account the fact that the sources of industrial investment

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refinery is running on imported crude oil at about a quarter of its capacity. There exists an IPC refinery at Tripoli which treats over half a million tons of crude a year (10,000 barrels a day) for the needs of Syria and Lebanon which it cannot fully supply; accordingly, its extension has been under discussion. Construction has begun on a refinery for 7,000 barrels a day at Sidon for Mediterranean Refining Company (California Texas Corporation), but while the Syrian market is still too small to justify the erection of a refinery, the Syrian Government nevertheless wishes to have a refinery established in the country to meet its own needs, and negotiations to this end with IPC and with the World Bank have recently taken place.¹

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Under the Barcelona Convention of 1921 dues are not leviable on transit trade, but the two countries draw, under their agreements with the pipeline companies, a sizable revenue from petroleum apart from the indirect benefits caused by employment by the oil companies. At the time of writing the agreements between the two Governments and the two oil companies are under review but no precise details are available, though the two Governments began by demanding that they should receive jointly a half share of the saving which the companies made by using the pipelines instead of having to transport their oil to the Mediterranean by tanker. Even if this principle were accepted, the difficulty would remain of establishing a satisfactory formula for calculating the saving. The agreement with Tapline is believed to provide Lebanon with about £L4½ million a year. The oil companies bring foreign exchange into Syria and the Lebanon and the currency is surrendered to the Governments at the official rate but can thereafter be resold at the rate applying to the free market which may bring to the Governments a profit of a third. The problem is that Syria and Lebanon are, in fact, not oil-producing states and, although their needs and desires for foreign money may be as great as Iraq's, it is difficult to see how they can expect to obtain from petroleum the same revenue as do the states where it is produced.

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Communications

In general, roads provide a cheaper and quicker means of transport than the railways which are mostly running at a loss. The railway lines are:

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The Hejaz Railway. A narrow (3 ft 5 in.) gauge track runs from the centre of Damascus to Deraa (88 miles) and thence

¹ See *Petroleum Press Service*, February 1953, p. 53.

Syria MBI

LAND REFORM IN THE ARAB WORLD

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equipment, and the livestock. In reality the cultivator's share amounts to less than that, for he has to make certain contributions to local functionaries and to the agent of the landlord.

There is also clear evidence that unless the system is checked effectively at its roots, it will continue to perpetuate itself. Witness what has happened during the last 50 years or so. Irrigation has been expanded materially, mainly through pump installations, and total agricultural output has been increased tremendously; but the peasant has remained landless and impoverished. In general, he does not possess the ability or initiative to prove his legal claim to the newly developed land. In many cases, even when his right of ownership is recognized, the cultivator is not able financially to maintain the costly pump installation. He is obliged to work on a share basis with one who is able to supply the necessary capital and equipment, be he the chief or the merchant. Gradually, these become the owners of the land, and the original occupant becomes permanently a landless sharecropper. Through this process the virile and integrated tribal community of Iraq is being transformed into a demoralized agricultural settlement, under the control of an absentee landowner chief.

Syria affords another illustration of the magnitude of the problem. We witness here practically identical conditions of absentee ownership, sharecropping, and low levels of living among the peasants. The manner in which this system threatens the future of agricultural development in Syria is clearly indicated by recent happenings in the Jezira area. This has tremendous possibilities for irrigation and for dry farming. It is sparsely populated, and until recently has been utilized mainly for grazing by nomadic and semi-nomadic tribes. During the last few years cultivation has been expanded rapidly in the area. Modern machinery has been put on the land in large numbers, and bumper grain crops have been harvested.

On the surface, this appears to be the beginning of sound development. Upon closer examination, however, we encounter a different reality. The tractor has been put on that fertile soil mostly by speculators and absentee owners. Concern about the ultimate exhaustion of this great national resource is not upper-

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most in their minds. Furthermore, they put the new land under cultivation through an understanding with the local tribal chief. He guarantees them "protection" of the crop in return for a portion of the produce. Nowhere does the peasant figure in this deal other than as a laborer or a sharecropper. Nowhere do we see signs of the emergence of that badly needed class of small, independent, cultivator-owners.

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The situation in Lebanon presents a glaring and enlightening contrast between two systems. In the mountain area, the heart of the country, a strong tradition of private ownership by small independent farmers prevails. In most cases, the family farm averages about 10 acres. The soil is scanty and the terrain difficult; but the people have their hearts in what they own. They have blasted the rocks and built extensive terraces to prevent erosion; they have made the mountainsides produce abundantly of olives, grapes, figs, and apples. On the narrow coastal strips they have grown luxuriant orchards of citrus and bananas. More significant than all of this, we observe that the village folk in this area enjoy much higher standards of living. This is clearly manifested in their diet, health, housing, and a literacy rate of some 90 percent.

True, they have other sources of income, especially from emigrants residing abroad. Yet the independence they have gained through ownership of the land has endowed them with the initiative and the possibility to seek these other sources and better their living conditions. Unlike the sharecropper, who is doomed to his status, the small independent owner is free to move up the ladder.

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Our argument in this respect gains support from the situation that prevails in the rest of Lebanon — in the Akkar plain of the north, in the Bika valley of the interior, and in the mountain area of the south. Here we witness the predominance of the same feudal-absentee-sharecropping system that exists in Syria and Iraq. Here also we witness the same conditions of deprivation, lack of development and low levels of living. Our argument gains further support from a consideration of living conditions in those village communities of northern Iraq, of some sections of Syria and Jordan, where the people are independent and own

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2.41 increase the productivity per acre and also to expand the cultivated area per head.

L In the Lebanon, however, with its steep hillsides under intensive cultivation, there is a definite pressure on land resources. 2.41 The limits of intensification appear to have been reached, and a large part of the village population supplements its income by work in the towns, and by remittances from abroad. If the land tenure system in Syria were less oppressive, room might be found on the land for settlers from the Lebanon, but as things are, the standard of living and status of the Lebanese peasant is higher; compared with the Syrian peasant he is a free man, and 167 there is no inducement to leave the Mountain for the underpopulated plains of central or northern Syria.

LAND TENURE

L Corresponding to these different methods of farming, there are different systems of land tenure.¹ In Lebanon individual small ownership is well established, and the pattern of village life, with its broad class of small peasant owners, few large farmers, and a growing class of landless labourers, resembles that of Europe.

S In Syria, the greater part of the land is owned by city notables—the ruling class—and cultivated by small share-tenants. 4.71 Though individual ownership exists in some districts, for instance the Beqa Valley and the oasis of Damascus, the most usual form of landownership in the plain districts of Syria is share-tenancy. The villagers bring their corn to the village threshing floor, and when the grain is threshed the landlord or his agent stands by and takes one-half of the grain. Towards this result he has contributed nothing; all labour, equipment, seeds, livestock, have been supplied by the tenant, so that his share is rent purely for the use of the land. The landlord is almost always an absentee, a city notable who only visits the land to collect rent.

S The share taken by the landlord varies from district to district, and also varies with the condition of the land. According to an inquiry made by the French authorities, the usual division of the crop for non-irrigated cereals is 40-50 per cent to the

¹ The information which follows is mainly based on A. Latron, *La Vie rurale en Syrie et au Liban* (Beirut, L'Institut Français de Damas, 1936). The brilliant and profound study by Jacques Weulersse, *Paysans de Syrie et du Proche-Orient*, is an indispensable authority which unfortunately was received only after going to press.

LAND TENURE

3 landlord, and 60-80 per cent to the peasant. The landlord's
427 only charge is taxes. If, as in some districts, the tenant provides
labour only, and the landowner bears other costs, the land-
owner's share may rise to 80 per cent. For irrigated cereals, the
landlord's duty is to provide water, and his share of the crop is
then 60 per cent. Other irrigated crops are usually farmed by
the landowner direct.

The tenant has no protection against eviction because these
tenancy agreements have no legal basis, and are not covered
by the provisions of the Ottoman Land Code. The tenant may
be evicted by the landlord without notice, and no compensation
is paid him for improvements made or for losses incurred when
he is evicted.

3 How much of the land is owned by large proprietors in Syria
471 is not exactly known. Roughly one-half of the grain sold in the
market comes from large proprietors, and it is believed that
about 60 per cent of the land is owned by them. In northern
Syria, big landowners own 70-80 per cent of the land, and in
the Damascus region 60-75 per cent. In the district of Hama,
out of 114 villages, 110 belong to landlords, and 4 landowners
between them own 86 villages. Generally there is a great
desire on the part of the peasants for individual ownership,
but it is only where there is some form of intensive cultivation
that it can be successfully maintained. In the village of Kesru-
wan, for example, banana growing has brought prosperity to
the peasants and enabled them to purchase land.

3 Thus the custom of share-cropping reflects the instability of
471 grain growing in arid climates with uncertain rainfall and great
variations in yields. It is peasant indebtedness which supports
427 the large landowners. Two bad harvests in succession will mean
426 that the peasants become so much indebted that they will
actually reduce the area sown for lack of seed, and will therefore
be obliged to sell to a money-lender or city merchant. The
majority of the big Christian merchants in the town have be-
come rural landowners in this way, particularly in Latakia and
round Homs and Hama. In the Syrian plain districts, entire
villages have passed into the hands of merchants through in-
debtedness.

3 Most of these large landowners are city families, who take no
L interest whatsoever in actual methods of cultivation. Some,

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3 probably few, of the estates are the properties of old, wealthy families of Ottoman times, which still exist in Lebanon, such as the lands belonging to the families of Arslan, Jumblatt, Chehab, Khazen, but many of these have been broken up by the Moslem laws of inheritance. Other estates have originated from direct grants made by Turkish Sultans to influential politicians, as for example the two very large estates in the Beqa and the Litani valley. Others too were formed at the time of the general registration of property undertaken by the Ottoman Government when chiefs of tribes or villages registered tribal land in their names as their private property. Uncertainty about legal title to land gives the educated classes frequent opportunity for ousting peasant owners, and whole villages have come into the possession of rival groups of city notables, as a result of litigation among the villagers who have sought their assistance in establishing their title.

3 While the land-tenure system is thus a result of peasant poverty, it also perpetuates poverty by standing in the way of any long-term investment. The high percentage of fallow in Syria suggests a great waste of land resources, and there could certainly be some improvement in yields, even in dry land farming, if green crops were introduced more generally into the rotation. But the share-cropper has little incentive to improve the fertility of the land, since he has no certainty of tenure, and since the landlord will take 50 per cent of any increase. Since the landlords are not as a rule directly interested in farming, they do not themselves undertake long-term improvements in the land.

Three case studies illustrate the ways in which the land-tenure system hinders advance.¹

3 One study relates to the large estate of Misherfe, near Homs in central Syria. This is 24,000 acres in extent and includes five villages, with 2,500 inhabitants. It is very extensively cultivated, only one-third of the area, 8,000 acres, being cropped each year. The land is divided into three parts, one with wheat, barley or *qatani* (mixed grain), one ploughed but not sown, and one left fallow. A small area, 200 acres only, is irrigated, though water supplies are sufficient to irrigate much larger areas.

¹ These studies, which were prepared for the M.E.S.C., are not at present available in print.

SYRIA AND LEBANON

511 their animals. Malaria is prevalent. The majority are heavily
 [164] indebted. The tenants on the irrigated land, with an average
 holding of 18 acres, are also poor but less heavily indebted, be-
 cause they can depend on a more regular income.

484 The poorest class are the landless labourers whose income in
 464 money and kind amounts to 530 Syrian pounds a year (1944)
 262 (£10 at 1939 prices).¹ This is a starvation wage, which means
 that they can only eat enough in harvest time, and in winter must
 subsist on maize, bread, and grass.

311 The poverty on this estate is therefore a result of the low
 241 productivity and the low proportion of the area under cultiva-
 409 tion. One way of increasing the area cultivated would be by
 the use of machinery. Tractors were introduced some fifteen
 years ago, but proved too costly in relation to the low prices of
 Syrian grain; owing to lack of skilled drivers and proper main-
 tenance they fell into disrepair. During the late war, however, as
 the price of grain rose, tractors were again used by some tenants
 who hired them from neighbouring estates.

312 Another way of raising production would be to increase irri-
 gation since there is sufficient water to supply much more land.
 In this respect the estate is typical of the whole Homs-Hama
 plain, where much of the water which the French authorities
 have made available by irrigation goes to waste.

311 On this estate, therefore, the poverty of the cultivators is due
 871 to the landowner's failure to increase the productivity of the
 744 soil, rather than to his exploitation of the peasants; compared
 with other estates, this one is socially progressive, since the
 landowner's family have set up a school and also distribute
 medicines free of charge.

312 The second study covers a more intensively cultivated village,
 Ashrafie: on the borders of the irrigated district of Damascus.

471 Less heavily supplied with water than El Ghuta itself, Ashrafie
 421 has sufficient water to irrigate 10 per cent of the total land. The
 total area is 1,600 hectares or 4,000 acres, of which 2,400 are
 owned by four estate owners and the rest by peasants. The
 largest landowner is an absentee, letting his land on a 50 per cent
 share-tenancy basis; with definite three-year leases (by contrast
 with the usual custom under which the tenant has no lease).

¹ This is calculated on a rate of 9 Syrian pounds to £1, allowing for a six-fold
 increase in the Syrian cost of living between 1939 and 1944.

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● 471 Of the total 160 families in the village, 100 own some land and 60 own no land. The peasant owners are divided as follows

1. Rich farmers, owning about 10 hectares ..	5 families
2. Medium farmers, owning from 3 to 8 hectares ..	80 "
3. Poor farmers, owning between 1 and 3 hectares ..	15 "
4. Share-tenants ..	10 "
5. Labourers ..	50 "

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241 As in Misherfe, two-thirds of the land is uncropped each year. The peasant divides the land into three plots, one sown with a crop, one ploughed but not sown, and one fallow. The wheat yield is slightly higher than the average for Syria, and amounts to 833 kilogrammes per hectare (6½ hundredweight per acre); barley yields are also slightly higher, being 8 hundredweight to the acre.

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262 As a result of the more equal distribution of land, rather better yields, and more irrigation, the standard of living is better than in Misherfe. The first two classes, including half the families, can reach an adequate standard of consumption of food and other essentials, which is reckoned to be 25 kilogrammes of wheat per month, 1 kilogramme of meat per month (i.e. one sheep a year), 40 kilogrammes of olive oil and 20 kilogrammes of 'samm' per year, 4 tins of kerosene and a small quantity of clothing. The remainder of the village, about one-half of the total, that is the poor peasants, labourers, and share-tenants, are unable to reach this standard and live in great poverty, in one-roomed huts. The majority of these cultivators are heavily indebted, and the burden of indebtedness has doubled during the war years, because debts are usually incurred in gold.

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471 The third study relates to Kfer Sa'ab in the north Lebanon, a hill village of small owner-cultivators. Of the total area of 200 hectares, about 30 are owned by the sheikh of the village. The total number of families is 150 (1,200 people), of which 120 own land and 30 are landless. A few peasant owners are rich with 5 hectares of land; 60 are medium owners with 1.5 to 2.5 hectares of land, and 25 own 0.5 to 1.5. Here cultivation is much more intensive than in Syria, and half the land is irrigated.

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[Ashrafie, near Damascus -- Analyst]

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281 Within this belt there is a large area of cultivable land still
238 uncultivated, mainly for reasons of shortage of labour, lack of
means of communication, and political insecurity. Unculti-
vated land is generally used for grazing, and in the 'Duck's Bill'
the grass grows high enough for hay cutting. At present the cul-
tivated area is some 481,500 hectares (1,188,000 acres), and it
is estimated that an area about as large again remains uncul-
tivated.

162 The population at present numbers 1,112,300, of which half
423 are Kurds. Owing to its remoteness and unsettled state, there
has been no survey and settlement of land title. New land is
taken under cultivation under the old Ottoman right by
which ownership is acquired if cultivation can be proved for
ten consecutive years.

● 471 In the Jezira most of the land is held by large cultivators.
312 In the Euphrates province much of the land has until recently
425 been owned by the villagers, but now the land is passing into
the hands of city landowners as pump irrigation is introduced
(as in Iraq). The pumps and buckets are supplied against pay-
ment in kind by the town merchant or moneyed class; wherever
irrigation brings more lands under cultivation, the ownership
of the extra land is divided equally between the villagers and
the suppliers of water.

427 The system of tenure is the usual share-tenancy; in the
Jezira, according to local custom, the landlord takes one-eighth
464 of the crop to pay taxes, and the remainder is shared equally
between landlord and cultivator, the proportion being deter-
mined by the supply of labour. With the introduction of
[407] machinery—there were about thirty tractors in the area in 1942
—the division into employer and labourers has developed: the
landowner using the tractor on the land and employing wage
labour.

464 Owing to the scarcity of labour, the position of the agricul-
tural labourer in the Jezira area is better than in the rest of
511 Syria. Health conditions, however, are bad: the Kurds suffer
164 from trachoma and villagers in the Kamichlia district from
146 malaria. In the Euphrates region, the position is worse: the
agricultural labourer is weak and underfed, living a hand to
mouth existence and exploited by all.

000 Both in the Jezira and in the Euphrates region there is scope

COTTON IN SYRIA

is a very high figure, representing more than 50 per cent of the total land under cultivation, and the United States Agricultural Attache is inclined to believe that the Ministry's figures include the total area served by irrigation systems, whether or not all the land receives water each year. 241 312

There are no large-scale irrigation works in Syria. State and local governments have constructed and now maintain a number of small dams, diversions, and canals, but the total area served by these public works in 1951 was only 100,000 acres. Several other projects, scheduled for completion within the next three or four years, will increase the area under public works another 100,000 acres. Most of these projects are being financed by the federal government out of its regular budget. 312 653

By far the largest area is served by small diversions operated by individuals. The next largest and fastest growing area under irrigation is that served by mechanical pumps. The number of pumps doubled from 1950 to 1951 and the area irrigated increased three times. These pumps are used mostly for drawing water from streams. 312

In the absence of detailed surveys, accurate estimates as to how much water might be available from all sources are impossible to obtain. Draining the Ghab Swamps on the Orontes River west of Aleppo to bring another 100,000 acres into cultivation is now being studied by a Dutch engineering firm, and a large dam on the Euphrates River to impound water in sufficient volume to serve an additional 750,000 acres is under consideration. Several million acres of land along the Euphrates River probably are suitable for cultivation from the standpoint of soil if water becomes available. At the present time irrigation along the Euphrates is limited to the low-lying land between the banks of the river. Through the centuries the river has cut a bed from a half mile to as much as 10 miles wide through the plain, which is now 30 to 50 feet above the water level. It has proved too expensive for individuals to use pumps to pull the water from the river for irrigation.

The same general condition prevails on the main tributary of the Euphrates, the Kabur. Numerous pumps have been installed along the Kabur, and a gravity system in the north, operated by a small dam and canals, is being extended under a current program. It is possible the water would be adequate to extend the gravity system slightly in the southern reaches of the river.

Water might be diverted also from the Tigris River which runs across the northeastern border of Syria. Extensive use of water from any of these international rivers, however, very likely would involve agreements with neighboring countries. Additional water might be provided also by the other rivers in the country. All of these proposals involve tremendously expensive projects beyond the means of the country to finance without outside help.

CAPITAL AND CREDIT

The highly nationalistic attitude of the Syrians damages the chances of private industry's securing a foreign loan. A recent law requiring all foreign operations to have Syrian managers and at least 50 per cent Syrian capital, together with the questionable security, makes sizable foreign investments unlikely. Under these conditions any foreign loans probably will be made to the government. The Syrian Government has made an obvious point of not obligating itself to another foreign power, and it is unlikely it will accept 471 186 648

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COTTON IN THE MIDDLE EAST

471 a loan directly from another government. This attitude is illustrated clearly
186 in the refusal of Syria to sign an agreement with Point Four.
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A loan from an international body is another matter, and the country is seeking a loan of several million dollars from the International Bank for development of transportation, particularly roads in the Jezira, and port facilities at Latakia.

454 Without a large-scale public works program, only minor improvements
241 can be made to the existing system. However, opportunities exist for increasing production through private investment.

The good crops of 1950, sold at exceptionally high prices, resulted in high profits and the accumulation of considerable capital. The hope of continued high profits caused much of this capital to be re-invested in equipment and farm improvements. The same incentive also brought out new capital which never before had been invested in agriculture. Judging from the number of tractors, combines and accessories, and irrigation pumps purchased during 1950 and 1951, the investment in agricultural equipment in these two years exceeded the total up to that time. Unprecedented expenditures for general farm improvements also were made, an exceptional step in a country without a history of investment in agricultural development beyond the acquisition of land and a few simple facilities. The capital base has been small. Production has about equaled consumption. There has been little surplus for savings. The few families with capital have used their funds in other ways, seldom for agriculture. But the experience of 1951 was not encouraging for long-continued investment in agricultural development. These investments were costly, many farmers paying double the United States prices for equip-



These farmers are typical of those in northern Syria. All the tenants of one landlord usually live in villages like this one near Aleppo. Villages vary in size from a few hundred to several thousand depending on the size of the farm.

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COTTON IN SYRIA

ment, and the investors, inexperienced in farming and unequipped to deal with adverse weather, lack of water, and heavy insect infestation, obtained low yields. Many lost their own capital and borrowed money. 454
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Some investors, who realize that their only chance of coming out on their original investment is to continue their operations and even to make additional investments, plan to expand operations. Future investment naturally will depend on current earnings which will be determined by production and world market prices.

Farmers who may be in a position to continue investing in agricultural development out of their own capital, however, will be a small minority. The need for credit will be great.

Limited credit usually is given to tenants by the landlords during the spring and summer, but most farmers need more. In the past, additional production credit has been extended largely by the merchants and money-lenders at rates from 15 to 50 per cent annually. A few large landlords borrow money from banks at rates as low as 7 and 8 per cent, but only against excellent securities. Interest rates to the tenants who have less collateral are usually higher. Merchants are discontinuing the practice of buying cotton before the crop is made at prices from 50 to 70 per cent of the future market price because in many cases the farmers do not make enough cotton to fulfill their contract. 452
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The government has sought to meet the need for credit by creating an agricultural bank, but the capital is limited and size and volume of loans are small. In 1951, for instance, the bank loaned a total of only \$5 million to 57,000 cultivators. Private groups are said to have loaned as much on cotton in the Jezira alone. 652
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LAND TENURE

Land available for cultivation is plentiful, but confused titles, excessive concentration of ownership, and insufficient or restricted use of the state domains hamper development. 423

The government has a major interest in agriculture and the tenure problem. The Ministry of Justice reports that 23 per cent of the farm land is owned by the state and in some of the larger farming areas the percentage runs as high as 69 per cent. There is also a heavy concentration of land in large units owned and operated by a few wealthy landlords, with 29 per cent of the farm land in farms over 250 acres. Most of the large farms in the old agricultural areas are operated on a tenancy system, but many of the farms now being established in the new areas of the Jezira are operated on a day-wage basis with mechanical equipment. This is especially true of wheat farms. A strong middle class of farmers owns about one-third of the land in farms from 25 to 250 acres, and many of them cultivate their land with the help of tenants. Only 15 per cent of the farm land is owned in lots less than 25 acres. 423
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In an effort to encourage landownership, stability of tenure, and an interest in improvement of the land, a law was passed recently under which state lands are to be sold on long-term, easy-payment plans to landless farmers with a limit of 123 acres to a farmer. The plan was designed especially to settle the nomads. The principal areas concerned are the state domains in the valleys of the Euphrates and Kabur Rivers, which were un- 425
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—Photo Courtesy of Cotton Trade Journal

All the cotton in the Aleppo region is ginned at this modern ginning center in Aleppo. Large gins (some have 10 saw gin stands) are located or are under construction on each corner of the square. Buildings are elaborate and usually cost about twice as much as the machinery. The grounds are landscaped like a campus.

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inhabited for centuries until a few years ago when farmers from the cities began developing them with mechanical equipment. Large landlords from Aleppo spent millions of dollars installing pumps, building roads, and in other ways developing these lands.

Although occupancy rights have been recognized for years, various government officials with whom the matter was discussed were strong in their views that these newcomers are squatters and should be evicted. They want to distribute the land among the landless peasants. The landlords who have made investments here are just as determined that they will not be evicted. The political strength of the landlords is given generally as the reason for the statement recently made by the head of the government to the effect that the new law will be studied for revision.

While the question of eviction is being debated, the government is proceeding to parcel out other public domains in small units to landless peasants. As this program is expanded, the large landowners are becoming more and more concerned for fear their own properties will be expropriated and subdivided, as has been done in neighboring countries.

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This dispute over the use of public land illustrates the struggle for power going on in Syria today between government bureaucrats and wealthy landlords. The government on one hand is attempting to force changes in all phases of the economy through its various control programs. These changes, however, are strongly resisted by the landowners who prefer to be free from regulations and regimentation. The outcome of this struggle may have a material bearing on the trend in agriculture for the next several years.

COTTON IN SYRIA

Another significant aspect of the land tenure problem is the financial arrangements between the landlords and tenants

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Although there are many variations throughout the country, there are three basic contracts.

In the first, where water is available by gravity flow for irrigation and the landowner furnishes only the land, he gets 50 per cent and the tenant gets 50 per cent of the gross yield. In the second type of contract, where the tenant installs pumps and operates them at his own expense and the landlord furnishes the land only, he gets 33 1/4 per cent and the tenant gets the rest. In the third case, where the landowner furnishes only the land and the tenant drills artesian wells at his own expense, the landowner gets only 25 per cent of the gross yields. There are variations depending on the crops produced and on who furnishes seed, fertilizer, and equipment. With the growth of mechanization, there is a rising tendency for landowners to prepare the seed beds themselves with large tractors and to take a large share of the produce.

With the advent of mechanization, there is also a noticeable tendency to wage-crop arrangements, particularly in the remote areas like the Jezira where the population is sparse and where the only feasible arrangement for picking cotton is the employment of nomads by the day.

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The greatest concentration of small cultivators who own and operate their own farms is in the older farming areas in the southern part of Syria around Damascus. Around Aleppo the farms are larger in size and owner-operators are fewer in number.

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MECHANIZATION

Mechanization is changing rapidly the primitive practices which still dominate Syrian agriculture. The number of tractors has increased from 200 to almost 2,000 and more than 700 combines are in operation.

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Most of the mechanical equipment is in the Jezira and the agricultural areas around Aleppo. Approximately half the tractors are being used in cotton areas.

To encourage further mechanization the government plans to extend loans to farmers on a five-year basis to finance the purchase of agricultural equipment. So far most of the equipment has been bought privately and for cash.

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The first few years have been difficult for the tractor farmers because of the lack of trained operators and the lack of adequate repair facilities, especially spare parts. Now the large manufacturers' agents are establishing modern service stations, repair stations, and mobile repair units. Consideration is even being given to organizing operator training programs.

RESEARCH AND EDUCATION

All of the agricultural missions stress the need for improvement in basic research and educational programs. The United States-Syria Agricultural Mission has outlined a complete program for agricultural training, research, and extension. Some of the recommendations already have been adopted, such as the establishment of a separate Department of Agriculture. Agricultural

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- 874 conducts an experimental farm, and co-operates with the government in a comprehensive educational program.
- 499 Syria produces a variety of items for export, the principal products being cereals, textiles, vegetables, cotton and wool and hides. It is relatively poor in mineral resources, although rich deposits of asphalt exist in the Nusairiyeh range and salt basins in Aleppo, Homs and Damascus provinces.
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- 471 Explorations for oil have been made in the northeast under a concession acquired in 1940 by the Syrian Petroleum Company, an affiliate of the Iraq Petroleum group.
- 315 After several years of unsuccessful borings, 651 the concession was relinquished, but the country derives some income from pipelines which traverse it, leading from the oil fields in Iraq and Saudi Arabia to Syrian and Lebanese ports. Industrial development is slowly emerging from the handicraft stage, and numerous modern plants for the processing of local materials have been established, primarily in Damascus and Aleppo. They include the manufacture of textiles, soaps and oils, cigarettes, various food products, shoes, cement and other consumer goods. The promotion of industry is handicapped, however, by the shortage of raw materials, labor and cheap sources of power.
- 441 The cities and the towns of western Syria are linked with each other and with the adjoining territories by a system of motor roads. Communications in the interior are poor, and consist in many areas of tracks across the desert. There are no navigable rivers. Latakia, the chief port, is small, and steamer traffic with the Mediterranean countries is at present conducted largely through Beirut and Tripoli, in Lebanon. The construction of modern port facilities at Latakia is scheduled, however, for 1953.
- 315 505 Baniyas has been developed as the terminal of the new pipeline from the Kirkuk oil fields of the Iraq Petroleum Company to the Mediterranean. It was completed in 1952. Aleppo is connected by railways with both Beirut and Tripoli, and is an important junction on the trunk line from Istanbul.

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THE MIDDLE EAST, OIL AND THE GREAT POWERS

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648 £80,000; royalty was to be 4 shillings (gold) per ton. The concession could not be cancelled for ten years unless the Company was released by the Transjordan Government.²⁴ In April 1948, just prior to the expiration of the Palestine Mandate, the High Commissioner for Palestine granted the Transjordan Petroleum Company free passage through Palestine to the Mediterranean for any oil discovered in Transjordan.²⁵ In the middle of 1954 the Company decided to give up its concession and it began to negotiate with the Jordan Government for release; in November the Government signed an agreement with the Company to terminate the concession. The agreement provided for a final payment of £400,000, bringing the total amount paid by the Company since it was granted its concession in 1947 to £717,000.²⁶

Syria

S PIPELINES

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648 The I.P.C. pipeline from Iraq to the Mediterranean, built in the early 'thirties, ran about 267 miles in Syria, and as in the case of Palestine and Transjordan, the agreement signed in 1931 between the Government of Syria and the I.P.C. provided for no payment for transit rights. After the war, when Syria emerged as an independent country, her Premier, Jamil Mardam, announced in Damascus in the middle of May 1947 that the I.P.C. had agreed to pay the Syrian Government LS 750,000 annually (about \$336,000) for the right of passage and protection of the pipeline.²⁷ This was increased in 1950 to £108,000.²⁸ The 1949 agreement between Syria and Tapline is outlined above.²⁹

²⁴ Longrigg, *Oil in the Middle East*, 250; *The New York Times*, May 13, 1947.

²⁵ This was later repudiated by the Israel Government. For an official British summary of the various concessions granted by the British Administration in Palestine and Transjordan, see Palestine, *A Survey of Palestine Prepared in December 1945 and January 1946 for the Information of the Anglo-American Committee of Inquiry*, II, 969-972.

²⁶ *Middle Eastern Affairs*, V, 408, Dec., 1954. Some American experts did not share the pessimistic view of the I.P.C. about oil possibilities in Jordan. See, for instance, L. S. Gardner, "Oil Possibilities in The Hashemite Kingdom of Jordan," *The Oil Forum*, VIII, 448-450, 454, November, 1954.

²⁷ *The New York Times*, May 13, 1947.

²⁸ Longrigg, *Oil in the Middle East*, 243. Actually it was no increase, only an adjustment for the devaluation of the £.

²⁹ See above, Chap. XIII.

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Premier Fawzi Selo stated at the end of 1952 that the annual royalties from Tapline totaled about \$490,000 and that the Syrian Government found that sum inadequate as compared with the advantages the Company enjoyed in Syria. The Government had therefore asked the Company for an increase, and after negotiations a new agreement was signed in May 1952 which raised the royalty to about \$1 million, and which provided that the parent companies of Tapline were to supply Syria with increased amounts of crude oil to meet part of her internal need, at the most favorable prices prevailing in the eastern Mediterranean area.³⁰

Soon the Syrian Government felt that even the increased royalties and crude supplies were not sufficient and it demanded from I.P.C. and Tapline one-half of all savings from the transit of oil through Syria, based on what the cost would be if the oil had to be moved by tanker. It also demanded that the crude oil be supplied free to the Government.³¹

EXPLORATION

Syria having been included in the Red Line Agreement, I.P.C. obtained, early in 1934, a four-year exploration permit in the Shamiyah desert; this was later extended to other areas. In 1936 the subsidiary Petroleum Concessions (Syria and Lebanon) Ltd. was organized. Two years later the Syrian Government signed an agreement with this Company granting it a 75-year concession covering all the Syrian territory (except the Alexandretta district) north of Damascus. It provided for an immediate payment of £50,000, a rental rising from £15,000 to £80,000 in ten years, and a lump sum of £100,000 when oil began to be exported. Royalty was to be 4 shillings per ton. The Company was to build a refinery to supply Syria's internal petroleum needs. If oil was not discovered within ten years, or no commercial export was under way within fifteen years, the concession was to be cancelled. The agreement was not ratified until 1940, but in the meantime the Company carried on exploration and drilling. The outbreak of World War II

³⁰ *Middle Eastern Affairs*, IV, 20, Jan., 1953.

³¹ Longrigg, *Oil in the Middle East*, 244; *Le Commerce du Levant-Beyrouth Express*, Mar. 5, 1955. It was calculated by the Syrian press that the oil companies saved through the pipelines over \$220 million, while the payments to Syria were no more than LS 6 million.

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[382] interfered with operations, which were resumed in 1947. The Company gave up its concession in August, 1951.³²

651 In 1954 it was reported in Damascus that the annual internal consumption of petroleum was about 350,000 tons and that the Government was negotiating with Tapline and I.P.C. to build two refineries near Damascus, the cost of which was to be deducted from the Government's revenue from the two companies.

So far Syria has failed to discover oil in her territory, but the Tapline and I.P.C. pipelines have become important sources of income to the Government and the cause of constant friction between it and the oil companies. From 1947 to 1952 the increase in the income from pipelines was considerable, but the local agitation for higher royalties has been continuous and, in the spirit of the prevailing practice in the area, a demand for a 50 per cent profit-sharing arrangement is constantly being echoed.

Lebanon

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651 Lebanon signed an agreement with I.P.C. in 1931 under the same conditions as the other countries. The first pipeline ran through her territory for only seventeen miles. The northern branch of the line terminated at Tripoli where a farm of fifteen 93,000-barrel tanks was built. The loading fee at Tripoli was 2 pennies per ton.

In 1947 Lebanon signed the agreement with Tapline mentioned above, and that same year I.P.C. agreed to pay Lebanon transit fees amounting to £45,000 annually. A new agreement with I.P.C. was signed in 1952, raising the transit fees to about £450,000 annually. A new agreement was also signed with Tapline in 1952; it provided for a basic increase in transit fees, for \$3 per ton up to 200,000 tons for petroleum products consumed in the country; an increase in the loading fee at Sidon; and annual contributions of \$21,000 for the maintenance of the public highways used by the Company's vehicles and \$17,000 to the municipalities of Beirut and Sidon in consideration of services.³³

³² A. H. Hourani, *Syria and Lebanon* (London, 1946), 155; Longrigg, *Oil in the Middle East*, 91-93.

³³ United Nations Department of Economic Affairs, *Review of Economic Conditions in the Middle East 1951-52*, 59, henceforth cited U. N. Review or

433 The building industry expanded considerably during the post-war period. Authorized floor space in new buildings in Damascus increased from 56,000 square metres in 1945, to 205,000 in 1950 and 265,000 in 1953. Output of cement rose correspondingly, from 35,000 tons in 1945 to 68,000 in 1950, 228,000 in 1953 and 114,000 tons during the first half of 1954. This fully meets local demand. A glass factory, with a capacity of 10,000 tons, established in the post-war period, reached a maximum production of 5,500 tons in 1954; it exports small amounts to neighbouring countries.

377 Output of electricity showed little increase during the war, but after the war demand rose rapidly. The inability of the foreign concessionary companies operating in Damascus and Aleppo to expand capacity sufficiently fast led the Government, in 1951, to nationalize them, for compensation, and to install additional equipment; 1/ in 1954, the Homs-Hama electricity company was also nationalized. Output by public utilities has risen considerably in recent years, from 47 million kilowatt-hours in 1947 to 81 million in 1950, 114 million in 1953 and 80 million in the first eight months of 1954; output by industrial power plants is probably over 40 million kilowatt-hours per annum.

433 Other important industries include tanning, and the making of matches, cardboard, soap, nails, pins and plastics.

433 Government assistance to industry has taken four main forms: tariff protection, tax exemption, financial aid and regulation of standards and prices. In the early post-war years foreign competition weighed heavily on the Syrian market. The ending of the customs union with Lebanon in 1950 (see below) led to a decrease in competition in some industries, notably spinning; but other industries, such as weaving and tanning, which marketed a substantial proportion of their output in Lebanon, suffered. In recent years, protection has been greatly increased by the raising of customs duties on competing goods 2/ or by prohibiting the importing of such goods: among the prohibited articles were matches, soap, shoes, socks and stockings, glass products, canned fruits and vegetables, wooden furniture and alcoholic drinks. These measures seem to have greatly decreased foreign competition; nevertheless, in recent years, prices of local manufactures have tended to decline. 3/

- 1/ Between the autumn of 1951 and the end of 1953, a total capacity of 6,450 kilowatts was installed in Damascus (Al Manar, special issue on Syrian industry, Damascus 1954); a total of £S 9.5 million was advanced by the Government to the nationalized firms for expansion and improvements. At the end of 1953, the total capacity of public utilities was 34,000 kilowatts and that of industrial power plants was over 20,000 kilowatts. Two plants with a capacity of 17,000 kilowatts were scheduled for completion at the end of 1954.
- 2/ For example, in 1952, duties on several types of woollen and cotton goods were raised by 25 to 50 per cent.
- 3/ The index of wholesale prices of domestic industrial products rose from 93 in 1950 (1949 = 100) to 111 in 1951, but declined to 103 in 1952, 86 in 1953 and 79 in the first nine months of 1954.